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January 31, 2014

The Honorable Arne Duncan
Secretary
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, D.C. 20202

Dear Arne:

I am pleased to attach the University of California's response to your Request for Information on the Department's efforts to develop a Postsecondary Institution Ratings System (PIRS).

The University of California shares your goals for strengthening higher education, particularly in terms of access, quality, accountability, and success. In my new role as UC's President, I am committed to keeping the University's world-class education affordable for low-income students.

As you know, I am skeptical about developing a PIRS. First, I am concerned about redundancy. Public institutions like the University of California already provide multiple sets of data for consumers and are subject to a variety of oversight bodies. If the Department of Education proceeds with a PIRS, it ought to simultaneously consider reducing or eliminating other reporting requirements. Second, developing a single PIRS will be very difficult given the extraordinary variety of higher education institutions in the United States. Given the amount of information already publicly available, one must question the costs associated with devising yet another ratings system.

Nonetheless, the University of California, the nation's largest public research university, will work with you and your team if it is determined that a new ratings system is in the public's best interest. We will do everything we can to ensure that these efforts are successful.

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Thank you for the opportunity to comment and for your attention to our concerns.
And, thank you for the extraordinary service you have provided these last five years
to improve the quality of education in our country.

Yours very truly,

A handwritten signature in dark ink, appearing to read "Janet Napolitano", with a long horizontal flourish extending to the right.

Janet Napolitano
President

Attachment

cc: Provost Dorr
Senior Vice President Dooley
Associate Vice President Falle

TITLE: Request for Information To Gather Technical Expertise Pertaining to Data Elements, Metrics, Data Collection, Weighting, Scoring, and Presentation of a Postsecondary Institution Ratings System

DOCKET ID: ED-2013-IES-0151

PUBLISHED: December 17, 2013

COMMENT DUE DATE: January 31, 2014

OVERVIEW:

The University of California educates approximately 185,000 undergraduates and 50,000 graduate students across its ten campuses. UC serves as a model for the nation's colleges and universities in *combining* access, affordability, and positive student outcomes. Many public institutions enroll large numbers of first-generation-college and low-income students. Similarly, many nationally ranked private and public institutions provide quality instruction, high-value degrees, and excellent graduation and time-to-degree rates. The University of California's unique contribution to California and to higher education, nationally, is its success in combining world-class quality with such a large and diverse student body.

UC appreciates the Department's invitation to engage in discussion of the ideas presented in this Request for Information, which aims to gather information about the development of a "Postsecondary Institution Ratings System" or "PIRS." We look forward to an ongoing discussion about data elements, collection, analysis, methodology, reliability, consistency, variability, and all the other aspects of the Administration's proposals.

The University of California has long demonstrated a strong commitment to accountability and to promoting social mobility. UC compares favorably to peer institutions on potential measures of educational effectiveness. As PIRS is developed, UC would want to ensure that any new ratings system be sound and reliable and allow for meaningful and comparable information. Any rating system must be eminently useful—not only for providing information to students, families, consumers, and the public—but also for protecting the integrity of the federal government's investment in student financial aid. The federal government has a responsibility to taxpayers to assure that limited federal student aid dollars are supporting programs and education that are returning on that investment and not simply draining federal coffers and leaving students without education or training.

One of the biggest areas of public policy concern revolves around students who incur unsustainable levels of debt for educational programs of little value and students who start high-cost low-value programs but do not complete them. We believe that there should be mechanisms to identify poorly performing institutions, and federal oversight should target resources to identify and impose sanctions on institutions with high default rates, unsustainable levels of student debt and low completion rates, or where students "complete" or drop out with high levels of federal and private student loan debt and slim prospects for paying off their loans.

The University of California, as a public and regionally-accredited institution, already provides a great deal of consumer information on our website and has been long committed to transparency and accountability to policymakers, taxpayers, parents and students through our annual Accountability Reports. (www.universityofcalifornia.edu/accountability) In addition, as a public institution, the University is subject to rigorous auditing, oversight and program effectiveness review by the California

Legislature and State Government. As a regionally-accredited institution, UC is subject to rigorous evaluation by the Western Association of Schools and Colleges.

To preserve resources, Federal, state, and institutional, the Department of Education should recognize that public and regionally accredited institutions are already subject to substantial oversight and provide significant consumer information. Any PIRS system should minimize additional and redundant reporting on public institutions.

The University is well aware of the many details that must be negotiated before a system of metrics can be developed to evaluate value and quality. As we move forward, UC pledges to be a part of the discussions and offer technical and policy recommendations throughout the process. The RFI is a step forward and we respectfully offer the following comments and recommendations in response to the questions raised in the RFI:

1. Questions Regarding Data Elements, Metrics, and Data Collection

QUESTION 1.1 *Using data currently collected by the Department or other Federal agencies, and given the Administration's focus on access, affordability, and outcomes, what metrics are possible for rating the performance of postsecondary institutions? What metrics are appropriate for consumer information purposes? What metrics are appropriate for accountability purposes? What metrics are appropriate for consumer information and accountability purposes? For each metric, include information about data sources, quality, availability, and limitations.*

UNIVERSITY OF CALIFORNIA RESPONSE: The Department currently collects a great deal of postsecondary education data through the IPEDS data system that can be of use in the proposed ratings system. The IPEDS database contains data on student enrollment, financial aid, and degree completion that many institutions already use for comparative analysis and benchmarking. In addition, the historical data and the standardization of definitions and data elements across institutions that IPEDS provides suggests it as a good starting point for developing a ratings system. Much of the IPEDS data are appropriate for accountability purposes, since that is why the Department collects it, and many of the metrics are also appropriate for consumer information as they already appear on the Department's consumer-oriented College Navigator website. However, UC also believes there are a number of limitations with IPEDS as noted below. If used in developing a ratings system, IPEDS would have to be improved to account for the weaknesses inherent in information that is self-reported, and to assure that data are valid and comparable in different contexts.

The following metrics within IPEDS would be useful for accountability (A) and consumer information (C) purposes, as indicated.

IPEDS Data Currently Collected	Access	Affordability	Outcomes	Caveats/Limitations
Avg. Net Price	C,A	C,A		Covers first-time, in-state aid recipients only
Avg. Net Price (Low Income)	C,A	C,A		Income groupings are not inflation adjusted
Avg. Net Price (Middle Income)	C,A	C,A		Income groupings are not inflation adjusted

Percent Pell Enrollment	C,A			Most likely of interest to policymakers but not consumers; could possibly be of interest to consumers as part of an analysis of institutional diversity
Institutional Gift Aid				
- Percent receiving	A	A		
- Avg. amount received	C,A	C,A		Should be normalized by in-state tuition amount
Graduation Rates (2, 3, 4, 5, and 6 year)			C,A	Includes Fall entrants only
- Separately for freshman and transfer				
1 year retention rate			C,A	Includes Fall, first-time students only
- Separately for full-time and part-time				

The University does not believe that any measure of student-faculty-ratio can provide meaningful consumer information. There is a wide range of opinions on the best way to measure this statistic, and most arguments are self-serving. Also, given the intense scrutiny on this single metric among consumers and policymakers, there is considerable incentive for “game playing” in the reporting of this statistic or its component parts. For these reasons, UC would recommend that student-faculty ratio not be considered as a useful metric in PIRS.

QUESTION 1.2 *Using data not currently collected by the Department or other Federal agencies, and given the Administration's focus on access, affordability, and outcomes, what metrics are possible for rating the performance of postsecondary institutions? What metrics are appropriate for consumer information purposes? What metrics are appropriate for accountability purposes? What metrics are appropriate for consumer information and accountability purposes? What is the best way to collect data that will inform those metrics? What are the challenges in collecting such data?*

UNIVERSITY OF CALIFORNIA RESPONSE: In addition to the metrics already collected by IPEDS there are several that are collected or reported elsewhere that could be useful in the ratings system. Chief among them is **cumulative student loan debt** at graduation. Currently, this figure is reported voluntarily on the Common Dataset using a standard definition and posted on institutions’ websites each year. The majority of institutions report and update this debt figure; therefore, the burden of adding this collection to IPEDS would be trivial. Many higher education researchers (e.g., The Institute for College Access and Success) and ratings publications (e.g., US News) use it for their analyses. This figure directly addresses affordability and access and would be valuable for both accountability purposes and for consumers seeking an estimate of what they may need to borrow to finance their education. The main benefit of this figure is that it reflects all student borrowing known to the institution (both federal and

non-federal) as opposed to the debt figure published by NCES' College Scorecard, which only reflects federal borrowing. The main limitation of this figure is that it is limited to students who originally entered the institution from high school, excluding students entering as transfers. The Department may require institutions to begin reporting cumulative debt for transfer students as part of the ratings system, but ultimately it will be important to maintain separate debt metrics for freshmen and transfers as their borrowing experience may be very different.

The **federal student loan default rate** will be an important metric in assessing access and affordability. This figure is one way to assess the manageability of student debt, which is influenced by the size of the debt relative to the income student borrowers' credentials enable them to secure after graduation. It also reflects somewhat on the extent to which institutions are fulfilling their obligation of informing their student borrowers on the responsibilities of debt repayment. The Department already calculates the default rate from each institution in a standardized fashion and displays it publicly in many venues. As such, it will be easy to incorporate into a ratings system and will be valuable from both an accountability and a consumer-information perspective.

An additional metric that would be valuable in the ratings system is the **Pell Grant student graduation rate**. Since reauthorization of the Higher Education Act in 2008, all institutions are required to calculate and disclose (not report) 4, 5, and 6 year graduation rates separately for students receiving Pell Grants. This metric highlights how successful students from low-income and disadvantaged backgrounds are at postsecondary institutions, which is often masked by the overall graduation rate. It would be useful primarily as an outcome measure from an accountability perspective as it would help the Department assess the extent to which institutions are supporting students funded by the Pell Grant program.

It would be valuable to measure **participation in public service** both by current students and upon graduation. Coordinating data with AmeriCorps, the Peace Corps, ROTC, and other organizations would provide a way to assess relative levels of public service activity.

QUESTION 1.3 *What metrics should apply to all types of postsecondary institutions?*

UNIVERSITY OF CALIFORNIA RESPONSE: Graduation and retention rates should apply to all postsecondary institutions (2-year and 4-year institutions). Access and affordability indicators should apply to 4-year institutions and private for-profit institutions (see 1.4 below). These measures may not be as important in rating public 2-year institutions, many of which have open enrollment policies and a much lower cost structure that is less likely to affect access and affordability. All institutions, however, should be rated on retention and graduation outcomes

QUESTION 1.4 *What metrics should apply to institutions with specific missions? How should those missions be defined?*

UNIVERSITY OF CALIFORNIA RESPONSE: Access and affordability indicators should apply to 4-year institutions and private for-profit institutions. Within 4-year institutions, it is important to note that the cost structures, student demographics, and assets/endowments of private institutions often allow for more robust financial aid programs than those possible for most public institutions, which are attempting to maintain a mission of educating large numbers of students from all socioeconomic

backgrounds in the face of declining state support. Moreover, research-intensive institutions (public and private) should be grouped and assessed separately since their research infrastructure leads to higher costs while offering a distinctive student learning experience that incorporates exposure to faculty research.

For-profit institutions should be grouped and assessed separately, because their missions are more directly employment-oriented, and their profit-oriented models can have a significant impact on access and affordability.

QUESTION 1.5 *How should existing limitations in Federal postsecondary data and data collections be addressed?*

UNIVERSITY OF CALIFORNIA RESPONSE: Many of the existing limitations stem from the lack of clear definitions and standardization across data elements. This often results in institutions reporting inconsistent data that preclude meaningful comparisons. For example, the Department recently began collecting enrollments in Distance Education within the IPEDS system, but it provided only a vague definition of distance education. This made collection of the information cumbersome for institutions and reporting of it inconsistent and not useful for comparative purposes.

Additional improvements could be made in expanding the reference group for federal student data collection beyond the traditional first-time, full-time fall entrant. While this works for most 4-year research universities, many other institutions enroll larger numbers of non-traditional students who are not reflected in this method of data collection.

2. QUESTIONS REGARDING WEIGHTING AND SCORING

QUESTION 2.1 *What empirical methods for weighting, scoring, or otherwise reducing a large and complex amount of information into a single dimension or a set of dimensions should be used in a PIRS?*

QUESTION 2.2 *What empirical methods for weighting or scoring are appropriate for consumer information purposes?*

UNIVERSITY OF CALIFORNIA RESPONSE TO QUESTIONS 2.1 and 2.2: One option to consider is leaving the weighting of the importance of factors (access, affordability, and outcomes) to the user as well as to seeing each factor separately. That is, users can view institutional ratings that reflect what is most important to them by allowing them to choose the weights at the time they view the ratings. If affordability is most important, then the set of metrics under affordability would have the most influence on institutions' overall rating. If graduation rates are most important and affordability less important, then users would see institutions rated differently with the outcomes-oriented metrics having the most influence on the final rating. If access, affordability, and outcomes are equally important, then the final rating would weight all of the metrics equally.

Several existing rankings systems provide examples of how to weight metrics and aggregate them to a single rating (e.g., US News, Petersons, etc.). In these ratings systems, graduation/retention rates account for a certain proportion of an institution's overall rating (20% in the case of US News, with

graduation rates being 16% and retention rates 4%). The PIRS could adopt a similar approach with outcomes, access and affordability metrics accounting for proportions of the overall ratings that correspond to the Department's priorities. A single rating model, however, would likely not be appropriate in assessing the wide variety of higher education institutions across the country. Accordingly, UC recommends that "weighting" be left to the individual consumer.

QUESTION 2.3 *What empirical methods for weighting or scoring are appropriate for accountability purposes?*

QUESTION 2.4 *What empirical methods for weighting or scoring are appropriate for both purposes?*

UNIVERSITY OF CALIFORNIA RESPONSE TO QUESTIONS 2.3 and 2.4: See above 2.1 and 2.2.

QUESTION 2.5 *How should metrics be adjusted to account for institutional differences, such as mission, and student characteristics? How should those characteristics be defined?*

UNIVERSITY OF CALIFORNIA RESPONSE: Metrics should be adjusted to account, at a minimum, for institutional control (public, independent nonprofit, private for-profit) and level of research activity (e.g., Carnegie classifications). This means that access and affordability measures, such as average grant aid and net price, will have to be adjusted for tuition amount, since private tuition is generally much higher than public tuition. Outcome measures, such as graduation and retention rates, should be adjusted by student academic preparedness, since institutions enrolling students with higher achievement at the time of matriculation will be more likely to achieve higher graduation and retention rates. UC recognizes that identifying a fair measure of academic preparedness is a challenge since institutions each look to a unique set of characteristics in selecting their student bodies. Further adjustment of outcomes measures by student demographics (e.g., Pell percentage) will be necessary for similar reasons.

The overall rating for institutions with very high research activity must incorporate research-oriented metrics beyond access, affordability and outcomes to reflect their research mission and the extent to which research enriches the student experience. Much of the data necessary for research metrics is already collected by the Department through IPEDS or by NSF through their surveys.

QUESTION 2.6 *How should metrics be adjusted to reflect institutional improvement over time?*

UNIVERSITY OF CALIFORNIA RESPONSE: Metrics should be published on an annual basis.

3. Questions Regarding the Development of Comparison Groups

QUESTION 3.1 *What empirical methods for developing institutional comparison groups are appropriate for consumer information purposes?*

QUESTION 3.2 *What empirical methods for developing institutional comparison groups are appropriate for accountability purposes?*

QUESTION 3.3 *What empirical methods for developing institutional comparison groups are appropriate for both purposes?*

UNIVERSITY OF CALIFORNIA RESPONSE TO QUESTIONS 3.1, 3.2 AND 3.3: As discussed in the response to question 2.5, institutional comparison groups should be based on institutional type (regionally accredited, private, for-profit) and level of research activity (e.g., Carnegie classifications). This method of developing institutional comparison groups is appropriate for accountability purposes as it limits comparisons to institutions with similar missions and funding models. Research intensiveness is not as likely to be important for consumer information in the short term, but if the ratings system helps students and families make distinctions between institutional levels of research activity, this could be of use in helping them determine the best fit based on students' educational goals.

QUESTION 3.4 *Should students be disaggregated for comparison purposes and if so, by what sub-groups?*

UNIVERSITY OF CALIFORNIA RESPONSE: Useful disaggregations include, for example, family income (e.g., Pell grant status), first generation status, and academic preparedness level, freshman or transfer status, and state resident vs. out-of state (for cost of attendance at public institutions).

4. Questions Regarding the Presentation of Ratings Information

QUESTION 4.1 *What models for presenting institutional ratings are appropriate for consumer information purposes?*

UNIVERSITY OF CALIFORNIA RESPONSE: The University of California recognizes that designing effective graphical displays and effective interactive software applications is a fine art. UC recommends that the Department engage expert assistance to translate identified messages so that they are easily and accurately understood by students and their families with respect to finding a "good college match" for their student. The ratings system must consider that there may not be one single solution for all types of postsecondary education or for all types of programs or institutions.

In terms of constructing software, UC would recommend engaging the services of human computer interface experts whose assignment would be to convey critical messages identified by program experts and policy leaders. Following are sample messages to students and their families and how they can be relayed:

- Users should know what they can anticipate when they identify an institution by name or if they elect to use a filter that allows them to respond to a "smart interview" to yield a list of potential institutions that meet the characteristics identified in the survey responses. The best matches will appear in the first list, with links, but the users can press "more" and see additional options that also meet the desired characteristics identified in the questionnaire or survey.
- Based on experience with other available federal software, the search to find schools should be "flexible" or "smart" so that users should not have to know the precise, exact correct spelling of the names of institutions they are seeking.
- The names of institutions that have lost eligibility to participate in HEA Title IV programs should have graphic and verbal indicators that they are NOT ACCEPTABLE institutions, with a pop up explanation that the institution was terminated from participating in the federal student aid programs due to one or more violations of quality and compliance standards.
- Users should be able to select one or more institution to create lists of schools of interest for further consideration and add to the list by repeating the institution identification process (user

survey) to discover schools that meet different preferences, and the website should include names and links to “other schools like these.”

- Finally, these new tools should be viewable and usable on cell phones and electronic tablets, as well as on desktops and other media.

QUESTION 4.2 *What models for presenting institutional ratings are appropriate for accountability purposes?*

UNIVERSITY OF CALIFORNIA RESPONSE: The U.S. Department of Education already has access to a substantial range of information about institutions and about the performance of students at institutions where enrollees can be considered for a range of federal student financial assistance (mainly HEA – Title IV programs). The displays of relevant data should be coordinated with institutional accreditors and the summary reports that they generate for participating institutions. That said, the current “College Navigator” website display is probably adequate for most accountability purposes, provided the institutional data also reside in a defined layout in a comprehensive file so that it can be accessed/selected and downloaded easily to generate reports, similar to IPEDS or National Postsecondary Student Aid Survey (NPSAS) data. The current school-by-school access to information in the College Navigator does not foster effective analysis.

QUESTION 4.3 *What models for presenting institutional ratings are appropriate for motivating consumers to make choices that promote institutional accountability?*

UNIVERSITY OF CALIFORNIA RESPONSE: Accountability indicators or metrics should be made easily accessible, particularly for metrics that highlight potential areas of concern about weak programs or institutions with low levels of student performance or high relative levels of cumulative debt.

QUESTION 4.4 *How could the PIRS strengthen States' and others' oversight and fiduciary responsibility for postsecondary education?*

UNIVERSITY OF CALIFORNIA RESPONSE: State governments and accrediting agencies may find it useful to include PIRS ratings to help identify institutions that have low ratings and therefore may be good candidates for further scrutiny. Again, however, the data being considered for PIRS is already available to state governments and accrediting agencies.

5. Questions Regarding Existing Ratings Systems

QUESTION 5.1 *What are examples of systems used to rate the performance of other types of entities or services that could be used to inform the development of a PIRS?*

QUESTION 5.2 *What examples of existing ratings systems used to rate the performance of postsecondary institutions could be used to inform the development of a PIRS? What lessons learned from existing systems could inform a PIRS?*

UNIVERSITY OF CALIFORNIA RESPONSE TO QUESTIONS 5.1 and 5.2: There are elements of other familiar rating systems that are worth adopting. Rating models that rank institutions using trivial and often idiosyncratically defined differences in cost, institutional/ programmatic characteristics, or student performance can actually be quite misleading by exaggerating differences. Consumer Reports provides a more even-handed approach by grouping similar members of groups together and differentiating among the group member institutions on the basis of significant or dramatic differences. Since the goal is to protect consumers, the vital information is about risk to the consumer. The Consumer Reports model could further this goal since Consumer Reports provides the context describing the larger setting in which their investigatory work was conducted, as well as easy to understand footnotes and endnotes to further educate the user.